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14. ABSTRACT The unprecedented might of the US military prevents any other military force on the globe from defeating us, yet terrorists with low technology weapons continue to harass tactical forces. Terrorism cannot be solved with military assets alone. The Global War on Terror (GWOT) has forced operational commanders to tackle a problem requiring extensive cooperation throughout government agencies. The global and thriving national economies have persistent legitimate markets, while the failing states often rely on the black and gray markets (BGM) for economic support. Through an Economic Action Group (EAG), operational commanders must isolate, minimize, and marginalize BGM activities as a primary element of defeating the GWOT. An EAG operation will include the successful execution and integration of EAG principles-security, training, funding, and advertising. The implementation of these principles within a troubled economy will provide a solid foundation to build a legitimate marketplace. Economic reform is not the only piece of the anti-terror puzzle, but is essential as a tool for the operational commander to shape the environment during nation-building and reconstruction operations.					
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**The Economic Action Group: Transformation to a Legitimate Economy**

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**A paper submitted to the faculty of the Naval War College in partial satisfaction of the requirements of the Department of Joint Military Operations.**

**The contents of this paper reflect my own personal views and are not necessarily endorsed by the Naval War College, Department of the Navy or Department of the Army.**

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## **Abstract**

### **The Economic Action Group: Transformation to a Legitimate Economy**

The unprecedented might of the US military prevents any other military force on the globe from defeating us, yet terrorists with low technology weapons continue to harass tactical forces. Terrorism cannot be solved with military assets alone. The Global War on Terror (GWOT) has forced operational commanders to tackle a problem requiring extensive cooperation throughout government agencies. The global and thriving national economies have persistent legitimate markets, while the failing states often rely on the black and gray markets (BGM) for economic support.

Through an Economic Action Group (EAG), operational commanders must isolate, minimize, and marginalize BGM activities as a primary element of defeating the GWOT. An EAG operation will include the successful execution and integration of EAG principles- security, training, funding, and advertising.

The implementation of these principles within a troubled economy will provide a solid foundation to build a legitimate marketplace. Economic reform is not the only piece of the anti-terror puzzle, but is essential as a tool for the operational commander to shape the environment during nation-building and reconstruction operations.

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## **I. Introduction.**

According to the United Nations Office on Drugs and Crime (UNODC), in 2005, the Afghanistan gross domestic product (GDP) was \$5.2 billion. Opium exports made-up 52% of the GDP.<sup>1</sup> Despite the \$780 million in United States (US) aid to combat the drug trade, legitimate business is dwarfed by the drug activity.<sup>2</sup> In spite of aggressive US military action and aid, Afghanistan is struggling to establish its government beyond Kabul, transform its economy, and continues to battle Taliban elements.

In the 21<sup>st</sup> Century, the US military might fight a conventional conflict but is more likely to fight terrorism and conduct nation-building activities. The Cold War is over, and failing states rather than conquering ones now threaten America.<sup>3</sup> The failing states provide sanctuary and resources for terrorist organizations that continue to threaten American assets and security. The unprecedented might of the US military prevents any other military force on the globe from defeating us, yet terrorists with low technology weapons continue to harass tactical forces. Terrorism cannot be solved with military assets alone. The Global War on Terror (GWOT) has forced operational commanders to tackle a problem requiring extensive cooperation throughout government agencies. The Fundamentals of Terrorism Training Program, as conducted by the Federal Law Enforcement Training Center, contains 29 courses spanning from religion to computers.<sup>4</sup> In dealing with the GWOT, the black market is one of the obstacles forming a common thread throughout failing states.

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<sup>1</sup> David Crawford and Philip Shishkin, "Heavy Traffic: In Afghanistan, heroin trade soars despite US aid," *The Wall Street Journal*, 18 January 2006, A1; available from <http://www.post-gazette.com/pg/06018/640103.stm>; Internet; accessed 26 January 2006.

<sup>2</sup> Ibid.

<sup>3</sup> The White House, *The National Security Strategy of the United States of America*, September 2002; available from <http://www.globalsecurity.org/military/library/policy/national/nss-020920.pdf>; Internet; accessed 4 January 2006.

<sup>4</sup> Federal Law Enforcement Training Center, *The Fundamentals of Terrorism Training Program*; available from <http://www.fletc.gov/ctd/fottp.htm>; Internet; accessed 3 February 2006.

All sovereign nations have economies that consist of black, gray, and legitimate markets. The global and thriving national economies have persistent legitimate markets, while the failing states often rely on the black and gray markets (BGM) for economic support. The terrorists rely on the influence and control received through BGMs to grow power for their organizations. Used as a means of survival, the BGM will continue to dominate the marketplace until businessmen can establish an open market economy and civil laws are in place. Through an Economic Action Group (EAG), operational commanders must isolate, minimize, and marginalize BGM activities as a primary element of defeating the GWOT.

## **II. Black and Gray Markets.**

“A great many wars—arguably all of them—are fought over resources.”<sup>5</sup> Economic entities (nations, tribes, small businessmen) must assess their access to resources within their span of control and determine how to integrate with other economic resources. Nations with legitimate economies have taken their natural resources, manufactured products and services and incorporated them into the global marketplace. Within the global market, checks and balances ensure fair business practices. There are several venues for business organizations to address legal issues; for example, the World Trade Organization handles international economic disputes, and national court systems address corporate economic grievances. Unfortunately, some entrepreneurs are not interested in the legitimate marketplace and business law but would rather participate in the black and gray markets (BGM).

The gray market is not a term often heard by the consumer, but is often unknowingly utilized by the consumer to get lower prices. The gray market refers to the flow of products

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<sup>5</sup> Judith Hand, “Shift Our Economies: From War-Based Economies to Ending-War Economies,” A Future Without War, 2005; available from <http://www.afww.org/ShiftEconomies.html>; Internet; accessed 9 January 2006.

through distribution channels that the producer or manufacturer does not authorize or intend.<sup>6</sup>

These markets are not illegal because the goods are purchased legally. The gray market occurs when a product is offered in different countries at significantly different prices.

Enterprising individuals purchase goods, either retail or wholesale, in a country where the price is significantly lower than in another country. Then, the goods are legally imported and sold at a price that still provides a profit but is well below the normal market price. Although the process is not illegal, it is not an accepted practice. The legal distributors, licensees, and authorized agents or importers all have a stake in the intended distribution product process.<sup>7</sup>

For products that carry warranties, the manufacturers want to ensure that the product is purchased in the intended market. When goods are purchased in the gray market, the warranty is often void.<sup>8</sup> Selling goods without the application of taxes is not illegal unless they are stolen, protected by law, or outlawed by international standards. Although the gray market is not illegal, it still undercuts the market prices in an economy that is not robust in product selection and competition.

The underground market that involves the buying and selling of merchandise illegally is labeled as the black market.<sup>9</sup> Goods offered in the black market might be stolen or labeled as illegal such as the illegal drug trade. Unlike the gray market where the goods offered are legally imported for distribution, the black market will illicitly sell goods to avoid tax payments or licensing requirements such as unregistered firearms.<sup>10</sup> As stated previously, resources are consistently a primary reason for conflict. While respecting the international

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<sup>6</sup> Wikipedia, "grey market;".available from [http://en.wikipedia.org/wiki/Grey\\_market](http://en.wikipedia.org/wiki/Grey_market); Internet; accessed 26 January 2006.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> Wikipedia, "black market;".available from [http://en.wikipedia.org/wiki/Black\\_market](http://en.wikipedia.org/wiki/Black_market); Internet; accessed 26 January 2006.

<sup>10</sup> Ibid.

guidelines in the global market, the state imposes restrictions and rules, sometimes in conflict with the overall health of the economy, that further the competition for goods and services. The black market flourishes from individuals that obtain goods that the government does not provide or cannot stop distribution. All economies have a representative black market, but the legitimate market is able to overcome and battle the black market influence. A failing state does not have the capacity to overtake the black market. The rule of law and legitimate economic practices must be created and respected in order for the sovereign nation to attain the trust and confidence of its citizens. When the government fails to obtain the citizen's trust and confidence in the marketplace, any organization that can provide goods and services will influence the market and its consumers.

### **III. The BGM and GWOT Link.**

The BGM thrives where rule and law is weak -- a failing or failed state. Black market criminals often provide local security to ensure the continued existence of their business. By regional association, citizens are able to gain imperfect security from the black market. In a failing state, the sovereign struggles to provide the necessary goods and services for its society to flourish, but the BGM can provide rudimentary security, goods, and potential employment. Through cross-cultural studies, Richard Layard has found that the following concepts are what individuals consider the most important: 1) family relationships-these are more important than any other factor; 2) financial situation-not luxuries; 3) work; 4) community and friends; 5) personal freedom; 6) personal values-inner self and attitudes and philosophy of life.<sup>11</sup> We can further simplify the factors to family, providing for family, and beliefs. After inserting a terror organization into the black market, the citizen not only

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<sup>11</sup> Judith Hand, "What Makes People Happy," A Future Without War, 2005; available from <http://www.afww.org/WhatMakesPeopleHappy.html>; Internet; accessed 9 January 2006.



receives goods and services but also the terror propaganda that reinforces or establishes personal values and philosophy of life. The illegal market byproducts produces an environment that can provide some satisfaction of the important family concepts previously listed.

Although illegal, the BGM provides goods and services necessary to survive turmoil and provide minimal family support. A CNN interview, on 14 January 2006, with Iraqis revealed that the BGM in Iraq was an accepted practice; as the dominant market environment, businessmen have to participate or risk losing their business. Without having the necessary tools, education, and financial support, the entrepreneurs are required to participate in this illegal but regionally accepted practice. The government appears impudent to change the economic environment and provide sufficient security for family and community. Without the rule of law, terrorists look to take advantage of the chaos and lawlessness. Through the BGM, terrorists are able to move weapons and monies, continue propaganda, and try to alter citizen perceptions. If the governing body is not providing guidance, the terror organization will assert itself and provide regional leadership.

Within Palestine, Hamas, among other terror organizations, has provided security, vision and hope to many of the downtrodden Palestinians. Before the 2006 election, Hamas, according to Sheikh Yasser Mansur, would “not change the group's basic values or its conception as a resistance movement fighting the occupation.”<sup>12</sup> Even with this statement as part of the party platform, the majority of the citizens were willing to take a chance and elect a terror organization, hoping to translate the regional benefits to a national stage. Hamas has demonstrated that a terror organization can gain national notoriety in a region categorized as

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<sup>12</sup> Sheikh Yasser Mansur, spokesman for Hamas during the general elections, interview by Ali Waked, *Ynetnews*, 22 January 2006; available from <http://www.ynetnews.com/articles/0,7340,L-3204562,00.html>; Internet; accessed 9 February 2006.

a failed or failing state. Unless fundamental political transformation occurs, the terror organization could still rely on the BGM for support and influence. The global marketplace will not accept a national economy that is dominated by the BGM. For example, the Afghanistan heroin trade is battled throughout the European and Asian continents with Russia seizing 3.9 metric tons in 2004.<sup>13</sup> Afghanistan, Iraq, Palestine, parts of Africa, and parts of Indonesia have all struggled economically for various reasons and have been found to contain terrorist factions. The terrorist organizations promise to provide a better tomorrow, but only a strong legitimate economy will provide the necessary resources to fulfill the needs of the individual citizen and supplant the terror organization influences.

#### **IV. Strategic and Operational Objectives.**

The President of the United States has clearly expressed his national strategy concerning the GWOT, “Our war on terror begins with Al Qaeda, but it does not end there. It will not end until every terrorist group of global reach has been found, stopped and defeated.”<sup>14</sup> Although debate continues on how to defeat terrorist organizations, the President’s national strategy is to fight terrorism wherever it hides. Although thousands of terrorists populate 60 countries, primary operation bases exist in the failing states with poor economies.<sup>15</sup>

GWOT partners have captured and killed some terrorist leadership, but the terror organizations--such as Al Qaeda, Hamas, and Taliban--emerge the next day with new and inspired leaders. Regional combatant commands have assimilated the President’s strategy

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<sup>13</sup> David Crawford and Philip Shishkin, “Heavy Traffic: In Afghanistan, heroin trade soars despite US aid,” *The Wall Street Journal*, 18 January 2006, A1; available from <http://www.post-gazette.com/pg/06018/640103.stm>; Internet; accessed 26 January 2006.

<sup>14</sup> *Address to a Joint Session of Congress and the American People*, President George W. Bush, September 2001; available from <http://www.whitehouse.gov/news/releases/2001/09/20010920-8.html>; accessed on 14 January 2006.

<sup>15</sup> Ibid.

and reviewed the intelligence on terrorist organization actions; they have determined the global places of priority to attack the terrorist operation areas to affect their influence. For example, US Central Command (CENTCOM) has developed numerous operation and contingency plans to combat terror organizations and terror-harboring states. Have the planning staffs ascertained the correct center of gravity (COG) for the GWOT? The military plans focus on the enemies that US forces face or could face in the future, but the individual terrorist is not the COG for the GWOT. Planning staffs must think outside the box when determining the COG for the war on terror. The terror organization derives its influence through political, public and economic support. The BGM is a form of economic support where the terrorist organization derives some freedom of action and resources. Money and resources for terror groups can pass through clandestine hands and allow criminal activities to occur. As long as terror organizations have the resources to affect a citizen's thought process, terrorists can continue to force their political agenda.

A fundamental change in the individual's thought process has to occur to discourage involvement in a terror organization. The operational commander has to deal with terrorist activities when the economic environment is not legitimate and the terror organization is the dominant leadership group. The US military has now equated the nation-building mission, which affects the economic atmosphere, to combat operations. Alone, the military cannot affect religious perceptions but can shape the security situation to influence the positive evolution of a troubled economy. Additional US government agencies must also provide economic tools for aggressive economic transformation. The EAG can incorporate the military and civilian synergies needed to create a legitimate economy.

An interagency EAG can establish the necessary foundation to isolate, minimize, and marginalize black market activities and allow a legitimate economy an opportunity for growth: 1) Isolate the BGM from the consumer, entrepreneurs, and suppliers; 2) Minimize the BGM effects by empowering consumers and entrepreneurs; 3) Marginalize the BGM to an activity that is a nuisance and not the dominant aspect of the economy. An EAG operation will include the successful execution and integration of EAG principles-security, training, funding, and advertising. The implementation of these principles within a troubled economy will provide a solid foundation to build a legitimate marketplace. The EAG principles are found within the US market but are applicable to any legitimate economic environment.

## **V. EAG Principles.**

### **a. Security.**

Although the EAG will function within any economic environment, the terror organization areas of interest dictates that the economy will probably be part of a failed or failing state; the rule of law will be minimal or nonexistent. The primary requirement for any sustaining legitimate economy is security. Providing goods and services to citizens is only part of the marketplace solution; providing a secure shopping place is the other important factor in creating a viable marketplace. The US has viable regional markets that interlink within the country and extend into the global market. The US legitimate economy survives because of the extensive security network that involves the FBI, state police, county, and local police departments. Even the Internet marketplace has to provide virtual security measures in order to protect their corporation and provide a secure shopping venue. The BGM does have security for the organization to protect their goods; evident in the type of

weapons employed for protection. In 1991, relief supplies in Somalia were looted, stolen and extorted. By December 1992, thousands of pounds of food were held by organizations that had the weapons to control the goods and had no concern for a fair distribution of resources to the citizens.<sup>16</sup> In Somalia, legitimate aid organizations had to pay extortion fees to warlords for armed “security guards” and transportation.<sup>17</sup> Again, the security is intended to protect their organization and not to enable the marketplace.

There exist four levels of security within a society: no security; individual’s minimum acceptable security; an international minimum-security standard; and the population’s expected level of security.<sup>18</sup> A collapse of security occurs pre-conflict until no security exists. Upon a decision to intervene, an international military force provides a fraction of the individual’s minimum acceptable protection. With the addition of an international police force, another portion of the security vacuum is filled; but until the sovereign nation employs its own local police force, there will exist a partial security vacuum for the individual minimum acceptable protection. Higher levels of the security vacuum are filled with strengthening of the police force and military. The point here is that the individual expects a minimum level of security in their environment. Coupled with the international’s military security activities, an additional marketplace security will fill that security gap and provide the consumer the opportunity to turn away from the BGM and rely on a viable marketplace. The combat force on the ground, whether a joint or coalition force, will be the initial security force to shape the environment in order to build the viable marketplace.

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<sup>16</sup> Robert Oakley, Michael Dziedzic, and Eliot Goldberg, Policing the New World Disorder: Peaceful Operations and Public Security, (Washington, DC: National Defense University Press, 1998), 182.

<sup>17</sup> Ibid, 180.

<sup>18</sup> Michael Dziedzic, “Filling the Security Gap,” United States Institute of Peace; chart appeared in a US Army Peacekeeping Institute brief; the chart illustrates the level of security from no security to the population’s expected level of security; the time period spans from pre-conflict to D-Day +  $x$  years.

The US Army does not consider itself a police force, but the BGM actors are not a force that can be controlled with a traditional police force. The Somalia situation in the early 1990's, clearly illustrates the necessity for a security force with tactical military capabilities. The warlords had killed 4,000 Somalis and wounded another 20,000.<sup>19</sup> In September 1992, 500 lightly armed Pakistani troops, enroute to a United Nations' security mission, were pinned down upon their arrival at a Somali airport.<sup>20</sup> The Pakistani troops were armed for a police mission, but the Somalia warlords were armed to protect their assets. The warlords clearly had security capabilities that exceeded traditional police force capacity.

Within the economic context, the operational commander will have to consider two areas of security, regional and marketplace, which will require two different forces, a quick reaction force (QRF) and military police (MP). If necessary, a quick reaction force (QRF) can provide regional security until a formidable host nation military is established. The EAG is not meant to encompass an occupation force but provide a force that could counter a tactical-level unit. The QRF will have similar responsibilities as the US state police who are responsible for populace and non-populace areas. Much like traditional city police, the MP force will provide security within the populous areas (i.e., centers for potential market areas). This force will have the primary "presence" mission. Many leaders questioned why looting was prominent after Hurricane Katrina. Without a police force, society reverts to survival mode and citizens attain goods necessary for survival. After looting and without the legitimate market, the citizen must utilize the BGM as a survival tool.

Depending on the size and content of the area of operations, several security zones may have to be implemented in order to provide secure marketplace zones for trade. Some

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<sup>19</sup> Ibid, 178.

<sup>20</sup> Ibid, 179.

of the zones might include areas that currently contain BGM activities. Isolation of the BGM includes pursuit and presence. The EAG, along with consultation with the combatant commander, should have the flexibility to accept an international presence or host nation force as it develops. The US QRF and MP forces fill the vacuum so that the terror organization cannot influence the legitimate economy. In order for a market transformation to occur, the citizen's minimum acceptable security must be achieved.

**b. Training.**

With relation to the GWOT, the EAG cannot rely on entrepreneur "trial and error" in building the legitimate marketplace. The EAG must educate the entrepreneur on the necessary business skills to establish and grow a business. The donor attitude of "throwing money at the problem" will be costly and might not result in the legitimate economy that is desired. Ten years after the Somalia conflict, the Somalis are still struggling to form a central government. Although the political scene is not developing quickly, "new actors such as businessmen, clan elders, civil society groups, and Islamic charities are growing in strength."<sup>21</sup> The Somali economy is slowly developing nationally and globally. Economic transformation will be costly and take time, and the intervening nation cannot afford for the businessman to travel a road of self-discovery. Although business training does not guarantee success, education has been the missing ingredient in past nation building plans. The EAG's objective is not to create a US marketplace. The objective is to educate an entrepreneur that can establish a business to minimize the effectiveness of the BGM. The US military does not have the expertise to provide business education, and the EAG must look to another government agency to accomplish this portion of the operation. The US Small

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<sup>21</sup> Erica Johnston and Michael Southwick, "Somalia: Ten Years Later," (Washington, DC: US Institute of Peace, March 2004); available from [http://www.usip.org/newsmedia/releases/2004/0325\\_nbsomalia.html](http://www.usip.org/newsmedia/releases/2004/0325_nbsomalia.html); Internet; accessed 9 January 2006.

Business Administration (SBA) has identified poor management as the most prominent reason for business failure.<sup>22</sup> Understanding the basic business fundamentals will remove one of the primary roadblocks for an entrepreneur in establishing a business. The SBA can be a critical part of the EAG.

The SBA has developed a program to provide the US small business owner the necessary tools for potential success. The same business fundamentals are critical in helping entrepreneurs establish a legitimate economy. The challenge will be for a SBA mobile training team (MTT) to create an educational package that can be used as a generic teaching device for any potential training scenario. Out of the numerous free on-line courses that the SBA provides, the following categories could be packaged for instruction as part of the MTT: Starting a Business; Business Management; Financing; Marketing and Advertising; Business Planning Tools; Risk Management and Cyber Security; E-commerce; International Trade; Learning Tools and Guides.<sup>23</sup>

The SBA can export the US Small Business Development Center (SBDC) model and interlink local markets with regional Business Coordination Centers (BCC). Based on economy assessments, the MTT should also provide advanced business training in e-commerce and international trading. The web commerce sites of Ebay and Overstock.com have dedicated global web sections. With business education, the small business owner that previously felt the BGM as a necessity can now utilize smart business practices to create a business integrated into the local and regional marketplace. Empowering the entrepreneur with legitimate business practices will minimize the effect of the black/gray market as a

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<sup>22</sup> US Small Business Administration, "Financing Basics;" available from <http://www.sba.gov/financing/basics/basics.html>; Internet; accessed 15 January 2006.

<sup>23</sup> US Small Business Administration, "Free Online Courses;" available from <http://www.sba.gov/training/courses.html>; Internet; accessed 15 January 2006.



model for success. Whatever the final package, the SBA's guiding principles of creativity, advocate, results, empower, and success are true for any entrepreneur around the world.<sup>24</sup>

### **c. Funding.**

The BGM operators have the distinct advantage over the entrepreneur, because they have monies available to continue operations and purchase additional goods. The EAG must level the playing field with respect to small business capital. As noted earlier with the Iraqi interview, price competition forces legitimate business owners to participate in the BGM in order to survive. The Treasury Department, in conjunction with currency operations, must establish the money flow to support the EAG operation in this phase. Until a flow of goods and services is established, the issue of price must not be a factor to the legitimate business owner and impact the consumer. The EAG will have a two-pronged approach when addressing funding issues: 1) business financial assistance; 2) voucher consumer program.

The first issue, business financial assistance, will initially be achieved through grants and contracts. As in the US, after the entrepreneur is educated, the next step is to receive funding to startup a business. The US government has a wide variety of grant programs for US business owners. The US Treasury Department must establish a similar program that mimics the US small businesses grant programs. If the US wants to change the economic situation and block future terrorist activities, donors must provide specific financial commitment for business development. Donors often want a measure of merit before initial or continued financial commitment. Before the grant is awarded to an entrepreneur, he or she must produce a diploma of completion of the basic business course taught by the SBA MTT. Completion of the advanced course will allow the entrepreneur additional funds to establish advanced business operations. Once businesses are established, business contracts

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<sup>24</sup> Ibid.

must be awarded to host nation companies to begin capital buildup and job development. One of the Iraq post-war business issues was that Iraqi businesses were denied the opportunity for reconstruction contracts based on not achieving the bidding criteria established in Washington.<sup>25</sup> Without the economic infrastructure in place, much like the security situation, the US or international companies may have to fill immediate contract needs, but after the host nation business base is developed, the contracts must move to host nation companies. Awarding local contracts assist in providing momentum to the economy that creates an environment not favorable to long-term terrorist activities. Financial grants for business owners are the first step in funding; the second step is removing the BGM price domination.

The EAG must marginalize the BGM price impact within local marketplaces. Contrary to the supply and demand system price controls within the US, the EAG must artificially remove the price impact upon the consumer. The black market can offer goods at low or high prices, and the gray market will offer goods that undercut the potential legitimate business owners. If the consumer does continue to use the BGM, then the EAG must limit the amount of monies received within the BGM. The answer is not to provide monies to the consumer, but to provide currency in the form of food stamps for the purchase of goods and services. The business owner, registered with the BCC, can then exchange the food stamps for business capital improvement. Once the BGM is not the dominant market force, citizens can then exchange the stamps for currency. The object of the food stamps is to provide a means of barter that the BGM cannot utilize outside the host nation. Currency will still be utilized at strategic business levels for exchange outside the country, while food stamps

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<sup>25</sup> Dominic Nutt and John Davison, *Iraq: the missing billions – Transition and transparency in post-war Iraq*, (London: Christian Aid, October 2003), 15; available from <http://www.christian-aid.org.uk/indepth/310iraqoil/iraqoil.pdf>; Internet; accessed 9 January 2006.

marginalize the BGM's trading power. Distribution and value of the vouchers will be based upon the strength of the BGM, currency values, and economic health. Once supply and demand equilibrium is established, the BGM will be challenged to compete with the legitimate marketplace. The food stamps allow the EAG to funnel monies to the consumer that can jump-start and continue to build on economic development. Utilizing the grant and voucher program will continue to strengthen the legitimate marketplace and consumer purchasing power.

**d. Marketing.**

A portion of the business-training package will include marketing strategies for business owners. The marketing focus includes the EAG's marketing strategy to attract consumers to the viable marketplace. The BGM attracts consumers based on goods available and price. The EAG will have to communicate to consumers the advantages of a legitimate marketplace and emphasize the disadvantages of the BGM. Part of this publicity campaign will have to include the advantages that the BGM provides to terror organizations. In coordination with the SBA, the operational commander's civilian affairs (CA) teams will have the task of educating the communities about the available training, funding, barter procedures, and legitimate market locations. Based on the status of the communication infrastructure, the CA teams can utilize various methods in order to distribute the information. If the consumer does not know about the viable marketplace, they will continue to participate in BGM activities. The CA teams and SBA MTT will have to ensure that there is marketing expertise as part of the education package.

## **VI. Conclusion.**

The GWOT must be attacked by region, and likewise, economic transformation must also occur regionally. Even with a strong functioning government, the BGM cannot be eradicated, but the government can reduce its influence in the marketplace. Without government influence and support, the BGM is a necessity for regions with no legitimate marketplace to provide goods and services. The BGM environment favors the actors within a terror organization and is definitely not the method to incorporate a sovereign nation into the global marketplace. As long as a dominant BGM exists, the government will not be able to exploit resources for trade or industry. Through the EAG, the operational commander can establish the conditions needed in the creation of a legitimate marketplace in a failed or failing state.

The economy is the essential foundation in rebuilding a viable state; without productive citizens, it does not matter what government is in place. Economic transformation is a small portion of the GWOT, but essential in developing an anti-terrorist environment. The EAG incorporates all of the synergies necessary to isolate, minimize, and marginalize BGM influences. Transformation of the regional economy to legitimate businesses attacks the terrorist COG in diminishing BGM activities. Economic reform is not the only piece of the anti-terror puzzle, but is essential as a tool for the operational commander to shape the environment during nation-building and reconstruction operations.

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